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IN THE

Supreme Court of the United States

October Term, 1971

No. 71-537

THE ANSUL COMPANY, DALY-HERRING CO., CAROLINA CHEMICAL CO. LOUISVILLE CHEMICAL CO., FOOD MACHINERY CO. and TRIANGLE CHEMICAL CO.,

Petitioners,

against

UNIROYAL, INC.,

Respondent.

BRIEF OPPOSING PETITION FOR WRIT OF CERTIORARI

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November 15, 1971

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Introduction

The petition seeks review of the Court of Appeals' affirmance of the District Court's denial to petitioner The Ansul Co. of treble damages representing the cost of defending respondent's suits for patent infringement. As the petition shows, *e.g.*, at page 8, Ansul financed the litigation for all petitioners.

Ansul started this litigation. It sued in the District Court for a declaratory judgment of invalidity, non-infringement, etc., on May 31, 1968. Respondent "countered" by suing for damages for infringement (A 2)[1].

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[1] These parenthetical citations designate pages of the appendix to the petition.

Petitioners pleaded, as defenses to the charge of infringement, misuse of the patent by, among other things, violations of the antitrust laws. They counterclaimed for treble damages for those violations. In the first of two trials, the Honorable Walter R. Mansfield found respondent's patent valid and infringed. After the second trial, he held the patent unenforceable for antitrust misuse. He denied all of petitioners' counterclaims and denied costs to all parties.

Both sides appealed. The Court of Appeals unanimously affirmed Judge Mansfield in every respect but one. It reversed his denial of treble damages to petitioner Louisville Chemical Co. The present respondent challenges that reversal by a separate petition, No. 71-539, filed October 16, 1971.

ARGUMENT

I.

Respondent's Good Faith and Lawful Purpose Reconcile the Result Below with the Allegedly Conflicting Decisions Elsewhere.

Petitioner Ansul claims, as an element of damages under Section 4 of the Clayton Act, its expenses "in successfully defending itself and its customers against [respondent's] claims of patent infringement. . . ." (Petition, page 8 and 9.) It contends that the denial of that relief below creates a conflict with the rule applied in other circuits, notably the Seventh and the Tenth. In fact, petitioner creates the supposed conflict by neglecting to mention aspects of the case at bar which distinguish it from the decisions of the other circuits. With these distinctions evident, the rule applied below shows no conflict with the cases cited.

To begin, the petition chooses not to mention why the District Court rejected petitioner Ansul's plea for the

damages it now seeks. Judge Mansfield found that respondent had brought its patent-infringement suits "in good faith" and (A 49)[2]:

> . . . for the purpose of resolving the issues of validity and infringement rather than with the intent or purpose of restraining trade in violation of the Sherman Act.

He added (A 49-50):

> Thus Uniroyal's suits must be distinguished from those brought in furtherance of an antitrust conspiracy.

The Court of Appeals affirmed this finding (A 70). It reconciles the result below with the decisions cited in the petition, for the courts in those cases found unlawful purposes or an absence of good faith in the respective patentees' suits. In *Hazeltine Research, Inc.* v. *Zenith Radio Corp.*, 388 F.2d 25, 35 (7th Cir. 1967), *rev'd. in part,* 395 U. S. 100 (1969), the Court of Appeals pointed out, in the very passage cited on page 9 of the present petition, that the infringement suit had been "brought pursuant to HRI's antitrust violations." In *Clapper* v. *Original Tractor Cab Co.*, 270 F.2d 616 (7th Cir. 1959), *cert. denied,* 361 U.S. 967 (1960), cited at page 10 of the petition, the Court of Appeals directed the award of litigation expenses as treble damages after having observed that "The District Court found the patent infringement suit was instituted . . . as a part of the conspiracy in violation of the antitrust laws." 270 F.2d at page 623. Since Judge Mansfield and the Court of Appeals agreed that the opposite was true in the case at bar, the cases do not conflict.

The passage from *Dairy Foods Inc.* v. *Dairy Maid Products Cooperative,* 297 F.2d 805, 809 (7th Cir. 1961), quoted at page 10 of the petition, dealing with a question

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[2] Respondent respectfully refers the Court to note 1, p. 1, above.

of pleading, holds that infringement suits, to justify recovery of the cost of defending them as treble damages, must have been brought "as part of and in furtherance of" an antitrust conspiracy. This again is what Judge Mansfield found had not been done in the case at bar.

The Court of Appeals for the Tenth Circuit, one of those with whom, according to the petition, the decisions below create a conflict, has applied the principle on which respondent relies. In *Cole* v. *Hughes Tool Co.*, 215 F.2d 924 (10th Cir. 1954), *cert. denied*, 348 U.S. 927 (1955), even though it held the patent in suit invalid, it found that plaintiff had sued for infringement "to protect its lawful patent monopoly and not to prevent lawful competition" 215 F.2d at page 935. It therefore reversed *Hughes Tool Co.* v. *Ford*, 114 F. Supp. 525, 554 (E.D. Okla. 1953), where a lower court had awarded the alleged infringer damages for violations of the Sherman Act on the ground, among others, that "the real purpose" of the suit was to achieve an illegal monopoly. The Court of Appeals said that plaintiff's non-predatory patent policy, analogous to that found in the case at bar, "clearly" distinguished the *Kobe* case, discussed below at page 6. 215 F.2d at page 935.

Thus no conflict exists between the decisions below and the rule followed in other circuits. If a patentee sues for infringement in bad faith or pursuant to an unlawful scheme, the cost of defending the action may be recoverable as antitrust treble damages. Where, as here, the trier of the facts finds neither of those elements present, no such recovery is allowed. Circuit Judge Gibson summarized the rule thus in *American Infra-Red Radiant Co.* v. *Lambert Industries, Inc.*, 360 F.2d 977, 997 (8th Cir. 1966), *cert. denied*, 385 U.S. 920 (1966):

> There being no proof of any causal connection between the patent litigation and the allegedly illegal contracts, and it not being shown that the suit was initiated in furtherance of any monopolistic scheme or conspiracy, we believe that defendants have failed

to prove these litigation expenses are antitrust damages.

The present petition seeks to offset the finding of a lawful purpose in the bringing of the infringement actions. It stresses Judge Mansfield's finding (A 49) that respondent's infringement suits had the effect of "perpetuating the price and market stabilization achieved" by respondent's "earlier" violations of Section 1 of the Sherman Act. It does not mention his finding (A 48) that "Ansul has failed to show that it suffered any damages as a result of [respondent's] conduct."

The trial court found that respondent had legitimate grounds for alleging infringement and that it did so for a lawful purpose. It also found that petitioner Ansul sustained no damage by reason of respondent's other acts, unrelated to the suits. How, then, can petitioner claim the right to recover the expense of litigating, for itself and others, infringement suits that, as will next be shown, vindicated respondent by holding the patent valid and infringed? The petition should be denied.

II.

Respondent's Success in Proving Validity and Infringement and Petitioner's Initiation of the Litigation Further Justify the Result Below.

Two other features distinguish this case from those on which the petition relies. They, too, go to eliminate the supposed conflict among circuits.

First, respondent here prevailed on the issues of validity and infringement.[3] This provides the best possible

[3] The petition does not append Judge Mansfield's opinion on validity and infringement, calling it, in the footnote to page 2, "not relevant to this Petition." The opinion appears at 301 F. Supp. 273 (S.D.N.Y. 1969).

support for Judge Mansfield's finding (A 49) that respondent claimed infringement "in good faith" and not to restrain trade. In *Hazeltine Research,* above, the patent was held invalid. 388 F.2d at page 33. The same thing happened in *Clapper,* above, 270 F.2d at page 623, and in *Agrashell, Inc.* v. *Hammons Products Co.,* (W.D. Mo. 1970), not officially reported, cited in the first footnote on page 9 of the petition.[4] *Dairy Foods,* above, arose only on a motion to dismiss, so the validity and infringement of the patent were not before the Court of Appeals.

True, in *Kobe, Inc.* v. *Dempsey Pump Co.,* 198 F.2d 416 (10th Cir. 1952), *cert. denied,* 344 U.S. 837 (1952), one of the five patents sued on was held valid and infringed. 198 F.2d at pages 418 and 427. But plaintiffs' success there appears to have been fortuitous. The Court of Appeals observed that they had commenced their action with "no concrete information" of infringement. 198 F.2d at page 424. What is more, the trial court in *Kobe* found, in direct contrast to the determination in the case at bar, that plaintiffs' "real purpose" in suing had been an unlawful one. *Id.* at page 425.

The petition's repeated references to Ansul's "defense" of the infringement suits tend to obscure a basic fact. It was petitioner Ansul, not respondent, who began the litigation over the patent. Ansul, as the trial court found (A 2), sued for a declaratory judgment before respondent brought its actions for damages for infringement. The cases in which antitrust damages for litigation expenses have been awarded have never involved litigation instituted by the damaged party.

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[4] That note says that "At least one court in the Eighth Circuit" sides with the Seventh and Tenth Circuits in their alleged conflict with the Second Circuit. In fact, the Court of Appeals for the Eighth Circuit has promulgated a rule consistent with the result reached in the case at bar. *American Infra-Red Radiant Co.* v. *Lambert Industries, Inc.,* page 4, above.

This Court need take no action to reconcile the result reached below with the decisions of any other circuit. The petition for certiorari should be denied.

Conclusions

The decisions below did not conflict with the rule applied in other circuits. Wherever courts have included the cost of defending a patent-infringement suit as anti-trust treble damages, they have found bad faith or unlawful motives behind the suit. The courts below found an absence of such elements in the case at bar.

Respondent, moreover, proved the validity and infringement of its patent. The litigation was commenced by petitioner, not by respondent.

WHEREFORE, respondent prays that the Court enter an order denying the petition for certiorari and according such additional or alternative relief as it may deem just.

Respectfully submitted,

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